

TECHNICAL APPENDIX A

STUDY DESIGN AND RELIABILITY OF ESTIMATES

Study Design

The sample period spans the entire 12-month fiscal year. This recipient characteristics study is based on the complete fiscal year sample. Each month, each State selects a probability sample of cases receiving a payment (of at least \$10) for review.

Standard sample sizes range from about 300 to 2,400 over the 12-month period -- the actual sample size is dependent on the average monthly caseload of the State. States may reduce their sample size below the standard. Sample reduction is not allowed for States with the minimum sample size of 300. In order to reduce the number of the completed case reviews, the State signs a waiver stating that it would not challenge the reliability of the AFDC payment error rate. Minimum sample sizes in fiscal year 1996 were reduced for 40 States. State data are weighted to obtain national estimates.

The statistics in this report are estimates derived from samples and, therefore, are subject to sampling errors as well as nonsampling errors. Sampling errors occur to the extent that the results would have been different if obtained from a complete enumeration of all cases. Nonsampling errors are errors in response or coding of responses and nonresponse errors or incomplete sample frames. The study design is such that, in States with the smallest sample of about 300, an estimate of 50 percent should not vary from the true value being estimated by more than 5.5 percentage points at the 95 percent confidence level.

Standard (Sampling) Errors

For fiscal year 1996, State universes, sample sizes (cases for which a review was completed), sampling fractions and the percentage points by which estimates of the total caseload for each State might vary from the true value at the 95 percent confidence level are shown in Table I. Some State case counts may not agree with the tabulations in the body of this report due to rounding.

Table II indicates the approximate standard error for various percentages for the U.S. total caseload. These standard errors are somewhat overstated because they are calculated assuming a sample

of 5,849 cases out of a total of 4,553,308 cases or 0.12845606 percent of the caseload. California is the only State with such a small sampling fraction. To obtain the 95 percent confidence level at each percent in Table II, multiply the standard error by a factor of 1.96. For example, national estimates of 50 percent should not vary from the true value by more than plus or minus 1.27 percentage points (0.65×1.96) at the 95 percent confidence level.

To obtain the 99 percent confidence level, multiply the standard errors by a factor of 2.58.

Response Errors

Data entries are based on information in the case records. Errors may have occurred because of misinterpretation of questions and because of incomplete or out-of-date case record information. Errors may also have occurred in coding and transmitting the data under NIQCS. There are no measures of the reliability of the coded information.

Nonresponse Errors

Every effort is made to assure that each State's sample frame is complete. It is possible, however, that some cases receiving a payment during the review month are not included. There is no measure of the completeness of the sample frames.

A few selected sample cases are omitted because full information was not available on them at the time this study was completed. For some items, incorrect information was recorded or no response was given. Such items were recorded as unknown. This report does not impute nor distribute such amounts.

Standard Errors of Subsets

For tables based on subsets of the populations, e.g., one-adult or two-adult families, the approximate standard errors can be computed by the following method: (a) determine the assumed sample size of the subset by multiplying the number of cases in the subset by 0.0012845606; (b) divide the sample size of all families (5,849) by the assumed sample size of the subset; and (c) take the square root of the result and multiply it by the standard errors of the total caseload shown in Table II.

For example, for cases with no adults (Table 7), the approximate standard errors of percentages can be found by multiplying the data

in Table II by the square root of $5,849/1,257$ or 2.16. The sample size of 1,257 is determined by $978,312 \times 0.0012845606$.

Standard Errors for State Estimates

The method used above can be adapted to calculating standard errors of State estimates. First, divide the national sample size of all families (5,849) by the State sample size shown in Table I. Then take the square root of the result and multiply it by the standard errors shown in Table II. For example, for New Jersey, the approximate standard errors of percentages can be found by multiplying the data in Table II by the square root of $5,849/1,220$ (a factor of 2.19).

Standard Errors of Financial Data

There are no simple approximations of the standard errors of financial data presented in this report. Such standard errors must be derived from disaggregated records. Time did not permit the development of such data.

Statistically Significant Differences

Table III and Table IV show the percentage values at which differences between national and State estimates become significant at the 5 percent confidence level based on State samples of, respectively, 300 and 2,400.

Table V and Table VI show the percentage values at which differences between State estimates become significant at the 5 percent confidence level based on State samples of, respectively, 300 and 2,400.

TECHNICAL APPENDIX B

TABLE DEFINITIONS AND NOTES

General

1. All data are based on AFDC case record information obtained during the course of the AFDC quality control review in each State. Two levels of information are collected: (a) case information for the unit or family under review; and (b) information for each individual in the household. Numbers of persons and recipient counts are based on the sample data and not universe counts provided by the States. The caseload and household counts are based on universe counts provided by the States.

2. An "adult recipient" is any needy relative with whom a dependent child is living and whose needs are taken into account in determining the amount of the AFDC money payment. If the parent of at least one of the children is incapacitated or the principal earner in the family is unemployed, the spouse of the parent may also be counted as an adult recipient. Any other individual, over 18 years of age, living in the same household, who is considered essential to the well-being of the recipient children and whose resources and needs are taken into account in determining the amount of payment, is also included. Recipient parents and all recipients aged 19 and older were considered adults. Eighteen year old recipients were considered adults if they were the head of the household or the spouse of the head of the household.

3. "Recipient children" are the needy, eligible children under age 19 who have been deprived of parental support or care by reason of the death, continued absence from the home, physical or mental incapacity of a parent, or who were deprived of such support or care because the principal earner is unemployed. Some States increase the grant for pregnant females in their third trimester. Also, some States provide grants to pregnant females in their third trimester who have no other children. Thus, some tables include data on unborn or prenatal "children". Children identified as Supplemental Security Income (SSI) recipients are not included in the counts of AFDC recipients.

4. "Family" or "assistance unit" consists of recipient children and adult recipients. Other persons may live in the same household, but if their needs, income and resources are not considered in determining the assistance payment, they are not included as members of the AFDC family. This is true even if the individuals are related to members of the assistance unit. In this respect, the definition of family differs from the most commonly used definition, i.e., two or more persons related by blood or marriage who reside together.

5. Percentages may not add to 100% because of rounding.

6. All financial tables include Food Stamp and/or housing subsidies and educational grants that are used for living expenses where, at State option, these are included in the family's budget.

Table 2

In addition to non-recipients, the designation "Household Members Not in the Assistance Unit" includes recipients who were in an assistance unit other than the unit sampled.

Table 4

"Public Housing" and "HUD Rent Subsidy" refer to special government programs. "Group Quarters" include all living arrangements, other than households, such as institutions, rooming, and boarding houses.

Tables 6-9, 15, 16

The count of the number of children is NOT increased by one when the "unborn" code indicates that the grant has been increased because of a pregnancy in the unit. This is a change from prior years. Also, "Unknown" includes some miscoding of the AFDC-Medicaid affiliation variable. This variable identifies the reciprocity status and the relationship of all adults and non-recipient children in the household to the youngest AFDC child, or the reason for eligibility for each AFDC child in the assistance unit.

Tables 7-9

The report counts recipients 14-18 years old who were coded as adult recipients in these tables if the individual is reported to be head of the household or the spouse of the head of the household.

Tables 10, 17

"Asian" includes "Asian" and "Pacific Islander (Oriental)".
"Native American" includes "American Indian" and "Alaskan Native".

Table 10

If the race of the natural or adoptive parent was unknown, or the natural or adoptive parent was not in the assistance unit, the race of the youngest child in the AFDC unit was used as a proxy for the race of the parent.

Table 11

Prenatal children, recipients who are under 1 year old, and 1-2 years old are shown separately again this year. There is some miscoding of the under 1 year category.

Tables 11, 18-20

"Unknown" includes some miscoding of both the AFDC-Medicaid affiliation variable and the age variable, and some cases where the only child was an SSI recipient who would otherwise have been eligible for AFDC.

Table 12

"Most Recent Opening" is the date for which the first money payment was made. If payment lapsed for 3 months or less, such a lapse is ignored. However, if former recipients' assistance was discontinued for a period of more than three months then reopened, the date of reopening is considered the "Most Recent Opening."

Table 14

"Last Action" is the date of the most recent action completed on the case. Such actions include initial approval or certification of the case for assistance, reopening of the case following a discontinuance action, redetermination of eligibility or recertification for assistance, or the imposition of a monthly reporting requirement on the case.

Tables 15-16

Divorce, separation (including desertion), parents who never married and other are all subcategories under the deprivation factor of continued absence of a parent. "Other" includes parents who are in institutions (such as prison) and other absences.

Table 17

"Unknown" includes miscoding of both the AFDC-Medicaid affiliation variable and the race variable.

Tables 18-20

"Under 1" represents all children from birth to their first birthday. Prenatal children are not included in these tables. There is some miscoding of the age variable. The average age was computed using the midpoint of the age range, i.e., under 1 was .5, 2=2.5, 3=3.5, etc.

Tables 19-27

Tables do not include those persons for whom the sex variable was not coded.

Tables 23-24, 26-29, 32

All persons classified as adult recipients had to be 18 years of age or older, or the head of the household, or the spouse of the head of the household to be included in these tables.

Tables 23, 26

"Full-Time Employment" includes 30 hours per week or more, and active military duty. "Employed Part-Time" includes self-employment and migrant farm labor. "On Layoff" includes those on strike. "Unemployed - Other" includes all those who are unemployed but actively seeking work. "Not Employed - Other" are those not employed and not in any educational or training activity.

Table 31

Because of the large number of unknown responses, the data on education were not reliable and are not published this year.

Tables 34-35

The data on these tables were previously shown by family types prior to 1992. Because of the small number of sample cases, it was decided not to show family types separately.

Table 35

"Total Cash Received" is gross countable income plus the AFDC payment. "Gross Countable Income" is the total monthly income of the AFDC unit to be considered when determining the amount of the AFDC assistance payment. Any source of income used in determining eligibility but not considered in computing the payment amount is excluded.

Tables 36-37

Detailed columns may not add to the total columns (the number with income) because some families have both earned and unearned income.

Table 39

"Income Disregards" are those amounts subtracted from earned income before calculating the monthly payment. The "Work Expense" disregard allowed for each person with earned income was the first \$90. "Child Care" disregard was the actual expenses up to \$175 per child (\$200 for children under two) or incapacitated adult living in the same home and receiving AFDC. Where appropriate, an additional \$30 plus 1/3 of the remaining earned income was to be deducted for four consecutive months. After the fourth month, \$30 was to be deducted, if applicable, for an additional eight months.

Tables 40-41

Earned income in the assistance unit by the adult recipient earner is shown on Table 40. Table 41 shows the household earned income by the household member who earned it.

Table 42

By law, "EITC" (earned income tax credit) is not to be counted as income in computing the assistance payment. It has therefore been eliminated from this table and has not been included in any of the income tables. Although Federal statute prohibits concurrent receipt of SSI and AFDC, a number of AFDC cases are shown as receiving both types of income. This appears to be primarily the result of attributing SSI income to AFDC recipients who are payees for SSI recipients outside the sampled AFDC unit. "Other Unearned Income" combines seven categories. No one category was large enough to be significant by itself.

Table 43

"Countable Assets" are those assets and properties that must be considered in determining a family's eligibility for assistance. The limit on such resources is \$1,000 per family.

However, certain items such as real property used as a home, an automobile with an equity value of less than \$1,500 and, in some instances, household goods and clothing are not considered. Dollar amounts coded are the total value of known countable assets.

Table 44

"Public Assistance Income" includes AFDC, SSI, and General Assistance.